# REPORT OF THE AUDIT OF THE MEADE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2009



# CRIT LUALLEN AUDITOR OF PUBLIC ACCOUNTS www.auditor.ky.gov

209 ST. CLAIR STREET FRANKFORT, KY 40601-1817 TELEPHONE (502) 564-5841 FACSIMILE (502) 564-2912

#### **EXECUTIVE SUMMARY**

## AUDIT EXAMINATION OF THE MEADE COUNTY FISCAL COURT

June 30, 2009

The Auditor of Public Accounts has completed the audit of the Meade County Fiscal Court for the fiscal year ended June 30, 2009. We have issued unqualified opinions on the governmental activities, business-type activities, and each major fund of Meade County, Kentucky.

#### **Financial Condition:**

The fiscal court had total net assets of \$15,274,406 as of June 30, 2009. The fiscal court had unrestricted net assets of \$6,933,550 in its governmental activities as of June 30, 2009, with total net assets of \$14,479,481. In its business-type activities, total net cash and cash equivalents were \$302,239 with total net assets of \$794,925. The fiscal court had total debt principal in its governmental activities and business-type activities as of June 30, 2009 of \$10,653,300, with \$739,000 due within the next year.

#### **Deposits:**

As of June 30, 2009, all of the fiscal court's deposits were insured and collateralized by bank securities.

CONTENTS	DACE
CONTENTS	PAGE

INDEPENDENT AUDITOR'S REPORT	1
MEADE COUNTY OFFICIALS	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS	15
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	18
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS	26
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	31
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS	35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS	39
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS	43
NOTES TO FINANCIAL STATEMENTS	45
BUDGETARY COMPARISON SCHEDULES	63
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	71
APPENDIX A:	

CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM



## CRIT LUALLEN AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Harry S. Craycroft, Meade County Judge/Executive
Members of the Meade County Fiscal Court

#### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meade County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Meade County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States, and the <u>Audit Guide for Fiscal Court Audits</u> issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Meade County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Meade County, Kentucky, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Harry S. Craycroft, Meade County Judge/Executive
Members of the Meade County Fiscal Court

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated April 22, 2010 on our consideration of Meade County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

Respectfully submitted,

Crit Luallen

**Auditor of Public Accounts** 

April 22, 2010

#### MEADE COUNTY OFFICIALS

#### For The Year Ended June 30, 2009

#### **Fiscal Court Members:**

Harry S. Craycroft County Judge/Executive

Thomas J. Goddard Magistrate
Herbert Chism II Magistrate
Mark D. Hubbard Magistrate
Anthony Staples Magistrate
Steve Wardrip Magistrate
Randall Hardesty Magistrate

#### **Other Elected Officials:**

Margaret L. Matney County Attorney

Troy Seelye Jailer

Katrina Fitzgerald County Clerk

Evelyn D. Medley Circuit Court Clerk

William Kerrick Sheriff

Mark Straney Property Valuation Administrator

Bill Adams Coroner

#### **Appointed Personnel:**

Shirley Fackler County Treasurer
Mandy Sturgeon Payroll Officer
Mary Coghill Finance Officer

## MEADE COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

The financial management of Meade County, Kentucky offers readers of Meade County's financial statements this narrative overview and analysis of the financial activities of Meade County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

#### **Financial Highlights**

- Meade County had total net assets of \$15,274,406 as of June 30, 2009. The fiscal court had unrestricted net assets of \$6,933,550 in its governmental activities as of June 30, 2009. In its business-type activities, cash and cash equivalents were \$302,239 and net assets totaled \$794,925. Total debt principal in its governmental activities as of June 30, 2009 was \$10,529,000, with \$714,000 due within in one year.
- The government's total net assets increased by \$390,221 from the prior year.
- At the close of the current fiscal year, Meade County balance sheet reported a fund balance of \$7,467,550. Of this amount, \$6,955,521 is available for spending at the government's discretion (unreserved fund balance).
- Meade County's total indebtedness in its governmental activities at the close of fiscal year June 30, 2009 was \$10,529,000 of which \$9,815,000 is long-term debt (due after 1 year) and \$714,000 is short-term debt (to be paid within 1 year).
- A 2004 Chevrolet Silverado was purchased for \$11,000.00 by the Solid Waste and Recycle Center to be used to load and unload the white paper, newspaper and magazine totes.
- Meade County Fiscal Court received a grant from the Kentucky Board of Emergency Medical Services in the amount of \$10,169.49. Meade County Fiscal Court in turn purchased a 2009 E-350 chassis for \$49,575. This will allow the county to install the old module (box) onto the new truck for a significant savings to the county.
- Meade County Fiscal Court purchased a 2008 Caterpillar High lift in the amount of \$83,031.71, with trade-in of \$28,200.00 on the old high lift, which makes the total purchase price, \$111,231.71.
- Meade County received a grant from Homeland Security in the amount of \$12,637.00 for the purchase of 17 radios, chargers and belt clips for the Sheriff's Department.
- A generator was purchased for the Garrett Water Tower in the amount of \$16,470.00 from a grant with Homeland Security. The new generator will be a great asset to the County in the event of a power failure it would enable all emergency services in that area to remain on line.
- Meade County was reimbursed from the State Treasurer for a portion of tourism expenses in the amount of \$8,562.29 for advertising and marketing.

#### Financial Highlights (Continued)

- Meade County Fiscal Court obligated \$4,500.00 in its 2008-2009 Budget for the heating and cooling of the Meade County Senior Citizen building.
- A Recycling Grant was received from the Energy and Environment Cabinet in the amount of \$100,946.00 for a side eject horizontal baler giving a much faster more economical way to sell recyclable items; an industrial paper shredder which allows this service to businesses and individuals free and a platform scale which is a more accurate and efficient means of weighing recyclables.
- Meade County Fiscal Court budgeted \$8,500.00 for each Fire Department in the county that is not a taxing district; Rhodelia Fire Department, Wolfcreek Fire Department and Muldraugh Fire Department for a total of \$25,500.00.
- Meade County Fiscal Court entered into a contract with the Kentucky Transportation Cabinet to reconstruct Meade County Buttermilk Falls Road/Riverport Access not to exceed \$1, 900,000.00. The county's portion of \$774,970.00 was paid September 12, 2008.
- Meade County Fiscal Court was able to resurface Old Ekron Road, Rock Ridge Road, and Darnall Avenue by entering into an agreement with the Department of Transportation in the amount of \$200,000.00. The total spent on these roads was \$232,301.80.
- The purchase of aerial photography from Pictometry was authorized by the Meade County Fiscal Court in 2008 and introduced to the county in early 2009 with the first installment of \$5,996.00 for training. Since delivery from Pictometry, the images have been used by the county's GIS/GPS Technician to help verify the position of residential (and commercial) addresses points received from the Meade County RECC and road centerlines received from the Lincoln Trail ADD. When the images from Pictometry have been in conflict with the data received, the aerial photography has been a valuable tool for correcting address issues and for re-drawing centerlines. Upon completion of the county's digital map, the Pictometry images will be made available as a resource to assist 911 Dispatchers, and other Emergency Responders, to more accurately identify the location that 911 calls are originating from, and thereby responding to them more effectively. As the development of a comprehensive, digital map of the county moves forward, Pictometry will continue to pay dividends as other county agencies are given access to the images.

#### **Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to Meade County's basic financial statements. Meade County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Overview of the Financial Statements(Continued)**

GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source, and program expense by function.

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Meade County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information of all of Meade County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Meade County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund activities.

#### **Government-wide Financial Statements**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Meade County's governmental activities include general governmental, protection to persons and property, roads, recreation, and social services. The County has two business-type activities – the operation of a jail canteen and solid waste and recycling facility.

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Meade County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Meade County can be divided into two broad categories: *governmental funds and proprietary funds*.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Meade County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, Local Government Economic Assistance Fund and the Jail Bond Proceeds Fund all of which are considered major funds by the County.

Meade County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

#### **Proprietary Funds**

Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund and Solid Waste and Recycling Fund.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Government-wide Financial Analysis**

#### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

#### **Changes in Net Assets**

Governmental and Business-Type Activities

#### **Statement of Net Assets**

	Governmental Activities		<b>Business Activities</b>				<u>Total</u>			
	FY 08		FY 09	FY 08		FY 09		FY 08		FY 09
Current Assets	\$ 7,666,174	\$	7,541,550	\$ 325,358	\$	302,239	\$	7,991,532	\$	7,843,789
Non-Current Assets	17,810,512		17,466,931	416,766		616,986		18,227,278		18,083,917
Total Assets	 25,476,686		25,008,481	742,124		919,225		26,218,810		25,927,706
Current Liabilities	652,000		714,000			25,000		652,000		739,000
Long-Term Liabilities	10,689,000		9,815,000			99,300		10,689,000		9,914,300
Total Liabilities	 11,341,000		10,529,000	-		124,300		11,341,000		10,653,300
Net Assets:										
Invested in capital assets, net of related debt	6,541,512		7,011,931	416,766		492,686		6,958,278		7,504,617
Restricted	606,000		534,000					606,000		534,000
Unrestricted	6,988,174		6,933,550	325,358		302,239		7,313,532		7,235,789
Prior Period Adjustment	 (57,351)			63,726				6,375		
Total Net Assets	\$ 14,078,335	\$	14,479,481	\$ 805,850	\$	794,925	\$	14,884,185	\$	15,274,406

Meade County's net assets increased by \$390,221 in fiscal year 2009.

Key elements of this are as follows:

- Current assets and cash decreased by \$147,743.
- Investments in capital assets, net of related debt increased \$546,339.
- Total liabilities decreased by \$687,700.
- Program Revenues were \$4,918,533 for the Governmental Activities; Business-type Activities \$708,320. General Revenues were \$5,050,392 for Governmental Activities.
- Expenditures totaled \$9,567,779 for the Governmental Activities and Business-type Activities \$655,191 as reflected in the Statement of Activities.

#### **Changes in Net Assets (Continued)**

#### **Statement of Activities**

Statement of Activities								
_	Government	<u>al Activities</u>	Business	<u>Activities</u>	<u>Total</u>			
Revenues:								
_	<u>FY 08</u>	<u>FY 09</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 08</u>	<u>FY 09</u>		
Program Revenues:		<b>*</b> • • • • • • • • • • • • • • • • • • •		•				
Charges for Services	\$ 2,201,096		\$	\$	\$ 2,201,096			
Operating Grants and Contributions	2,401,697	2,912,468			2,401,697	2,912,468		
Capital Grants and Contributions	5,000				5,000	-		
General Revenue:								
Real Property Taxes	2,059,386	1,957,187			2,059,386	1,957,187		
Personal Property Taxes	181,056	183,429			181,056	183,429		
Motor Vehicle Taxes	271,080	337,020			271,080	337,020		
Other Taxes	1,228,780	1,428,361			1,228,780	1,428,361		
Excess Fees	233,133	199,922			233,133	199,922		
Unrestricted Investment Earnings	272,235	206,614			272,235	206,614		
Miscellaneous Revenues	2,353,603	673,805			2,353,603	673,805		
Transfer of Debt Service	150,000	160,000	(150,000)	(160,000)	-			
Transfer of Capital Assets		(95,946)		95,946				
Gain On Sale Of Assets	300				300	-		
Solid Waste And Recycling Fund			1,593,396	562,696	1,593,396	562,696		
Jail Canteen Fund			147,377	145,624	147,377	145,624		
Total Revenues	11,357,366	9,968,925	1,590,773	644,266	12,948,139	10,613,191		
Expenses								
General Government	2,957,947	3,710,961			2,957,947	3,710,961		
Protection to Persons and Property	2,699,330	3,048,602			2,699,330	3,048,602		
General Health and Sanitation	465,594	631,180			465,594	631,180		
Social Services	10,903	13,109			10,903	13,109		
Recreation and Culture	226,041	436,982			226,041	436,982		
Roads	1,123,307	1,159,601			1,123,307	1,159,601		
Transportation Facilities and Services	7,994	8,115			7,994	8,115		
Debt Service	839,240	559,229			839,240	559,229		
Capital Projects	32,596	55,22			32,596	-		
Solid Waste And Recycling Fund	52,550		1,578,871	512,152	1,578,871	512,152		
Jail Canteen Fund			141,441	143,039	141,441	143,039		
Total Expenses	8,362,952	9,567,779	1,720,312	655,191	10,083,264	10,222,970		
Total Expenses	0,302,732	2,301,112	1,720,312	033,171	10,003,204	10,222,770		
Change in Net Assets	2,994,414	401,146	(129,539)	(10,925)	2,864,875	390,221		
Net Assets - Beginning	11,141,272	14,135,686	871,663	742,124	12,012,935	14,877,810		
Prior Period Adjustment	, ,	(57,351)	*	63,726	-	6,375		
•								
Net Assets - Ending	\$ 14,135,686	\$ 14,479,481	\$ 742,124	\$ 794,925	\$ 14,877,810	\$ 15,274,406		

#### Financial Analysis of the County's Funds

As noted earlier, Meade County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds Overview

The focus on Meade County governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved funds balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of June 30, 2009 fiscal year, the combined ending fund balance of County governmental funds was \$7,467,550. Approximately 93% (\$6,955,521) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purpose of the specific funds. The remainder of fund balance (\$512,029) is reserved to indicate that it is not available for new spending because it is committed.

The County has 5 major governmental funds. These are 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Local Government Economic Assistance Fund; 5) Jail Bond Proceeds Fund.

- 1. The General Fund is the chief operating fund of Meade County. At the end of June 30, 2009 fiscal year, unreserved fund balance was \$5,022,030. The County received \$3,905,997 from tax revenues. This accounts for approximately 59% of the General Fund revenue.
- 2. The Road Fund is the fund related to county road and bridge construction and maintenance. The Road Fund had \$951,039 in fund balance at June 30, 2009. The fund balance at the end of the previous year was \$847,399. The fiscal year 2009 expenditures for road projects totaled \$1,231,369.
- 3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a fund balance at June 30, 2009 of \$218,357. That is an increase in fund balance of \$2,825 over the previous fiscal year end. The Jail Fund received \$1,357,371 from intergovernmental sources.
- 4. The Local Government Economic Assistance Fund had a fund balance of \$768,980 at June 30, 2009. This is an increase of \$28,605 over the previous fiscal year end.
- 5. The Jail Bond Proceeds Fund is used for payment of principal and interest to bond holders and had a fund balance of \$497,818 as of June 30, 2009.

#### Financial Analysis of the County's Funds (Continued)

Proprietary Funds Overview

The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, but in more detail.

Meade County has two enterprise funds, the Jail Canteen Fund and the Solid Waste and Recycling Fund. The Jail Canteen Fund had net assets and a cash balance of \$27,049 as of June 30, 2009. The Solid Waste and Recycling Fund had net assets of \$767,876 and a cash balance of \$275,190 as of June 30, 2009.

#### **General Fund Budgetary Highlights**

The County's General Fund original budget was amended during the fiscal year increasing the operating budget by \$308,658. Budget amendments were for the receipt of grant funds for an insurance reimbursement for storm damage.

Actual operating revenues for the General Fund were \$43,622 more than originally budgeted by Fiscal Court.

Actual operating expenditures for the General Fund were \$1,753,758 less than originally budgeted by Fiscal Court.

#### **Capital Assets and Debt Administration**

Capital Assets

Meade County's investment in capital assets for its government activities and business type activities as of June 30, 2009, amounts to \$17,623,917 (net of accumulated depreciation). This investment in capital assets includes, land, buildings, improvements to land and buildings, equipment, vehicles, and infrastructure assets.

Additional information on the County's capital assets can be found in Note 4 of this report.

Long-Term Debt

At the end of the 2009 fiscal year, Meade County had total long-term debt outstanding for its governmental activities and business type activities of \$10,653,000. The amount of this debt due within the next year is \$739,000 and \$9,914,000 is due in subsequent years. This debt is described in Note 5 of the notes to the financial statements.

#### **Requests for Information**

This financial report is designed to provide a general overview of Meade County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this requests for additional financial information should be addressed to:

Meade County Treasurer Shirley Fackler 516 Hillcrest Drive Brandenburg, KY 40108



## MEADE COUNTY STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

## MEADE COUNTY STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2009

	Primary Government						
	Governmental Activities	Business-Type Activities	Totals				
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 7,467,550	\$ 302,239	\$ 7,769,789				
Notes Receivable	74,000		74,000				
Total Current Assets	7,541,550	302,239	7,843,789				
Noncurrent Assets:							
Notes Receivable	460,000		460,000				
Capital Assets - Net of Accumulated							
Depreciation							
Land and Land Improvements	6,100,551	15,000	6,115,551				
Buildings	7,066,619	44,340	7,110,959				
Building/Land Improvements	580,455	30,658	611,113				
Machinery and Equipment	1,206,951	318,485	1,525,436				
Vehicles	680,161	208,503	888,664				
Infrastructure	1,372,194		1,372,194				
Total Noncurrent Assets	17,466,931	616,986	18,083,917				
Total Assets	25,008,481	919,225	25,927,706				
LIABILITIES							
Current Liabilities:							
General Obligation Bonds Payable	270,000		270,000				
Revenue Bonds Payable	105,000		105,000				
Financing Obligations Payable	339,000	25,000	364,000				
Total Current Liabilities	714,000	25,000	739,000				
Noncurrent Liabilities:							
General Obligation Bonds Payable	3,460,000		3,460,000				
Revenue Bonds Payable	640,000		640,000				
Financing Obligations Payable	5,715,000	99,300	5,814,300				
Total Noncurrent Liabilities	9,815,000	99,300	9,914,300				
Total Liabilities	10,529,000	124,300	10,653,300				
NET ASSETS							
Invested in Capital Assets,							
Net of Related Debt	7,011,931	492,686	7,504,617				
Restricted For:	,,011,,231	1,72,000	7,551,617				
Debt Service	534,000		534,000				
Unrestricted	6,933,550	302,239	7,235,789				
Total Net Assets	\$ 14,479,481	\$ 794,925	\$ 15,274,406				



## MEADE COUNTY STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

## MEADE COUNTY STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

#### For The Year Ended June 30, 2009

				Progr	am I	m Revenues Received				
Functions/Programs Reporting Entity		Expenses		Charges for Services		Operating rants and ntributions	Capi Grants Contrib	and		
Primary Government:										
Governmental Activities:										
General Government	\$	3,710,961	\$	104,938	\$	736,982	\$			
Protection to Persons and Property		3,048,602		1,777,765		455,110				
General Health and Sanitation		631,180		15,398						
Social Services		13,109								
Recreation and Culture		436,982		44,936						
Roads		1,159,601		63,028		1,720,376				
Transportation Facilities and Services		8,115								
Debt Service		559,229								
Total Governmental Activities		9,567,779		2,006,065		2,912,468				
Business-type Activities:										
Solid Waste And Recycling		512,152		504,408		53,514				
Jail Canteen		143,039		145,624						
Total Business-type Activities		655,191		650,032		53,514				
Total Primary Government	\$	10,222,970	\$	2,656,097	\$	2,965,982	\$	0		

#### **General Revenues:**

Net Assets - Ending

Taxes:

Real Property Taxes
Personal Property Taxes
Motor Vehicle Taxes
Other Taxes
Excess Fees
Unrestricted Investment Earnings
Miscellaneous Revenues
Transfer of Debt Service
Transfer of Capital Assets

Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning (Restated)

#### MEADE COUNTY STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS For The Year Ended June 30, 2009 (Continued)

Net (Expenses) Revenues and Changes in Net Assets

and Changes in Net Assets Primary Government											
Governmenta	l Bus	siness-Type									
Activities		Activities		Totals							
\$ (2,869,041	) \$		\$	(2,869,041							
(815,727			·	(815,727							
(615,782				(615,782							
(13,109	)			(13,109							
(392,046	)			(392,046							
623,803				623,803							
(8,115	)			(8,115							
(559,229	)			(559,229							
(4,649,246	)			(4,649,246							
		45,770		45,770							
		2,585		2,585							
		48,355		48,355							
\$ (4,649,246	) \$	48,355	\$	(4,600,891							
1,957,187				1,957,187							
183,429	1			183,429							
337,020	1			337,020							
1,428,361				1,428,361							
199,922				199,922							
206,614		4,774		211,388							
673,805				673,805							
160,000		(160,000)									
(95,946	<u>)                                    </u>	95,946									
5,050,392		(59,280)		4,991,112							
401,146		(10,925)		390,221							
14,078,335		805,850		14,884,185							
\$ 14,479,481	\$	794,925	\$	15,274,406							



#### MEADE COUNTY BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

## MEADE COUNTY BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

#### June 30, 2009

	General Fund	Road Fund	Jail Fund	LGEA Fund	Bon	Jail d Proceeds Fund
ASSETS						
Cash and Cash Equivalents	\$5,031,356	\$ 951,039	\$ 218,357	\$ 768,980	\$	497,818
Total Assets	5,031,356	 951,039	218,357	 768,980		497,818
FUND BALANCES						
Reserved for: Encumbrances	9,326	2,866	317	1,702		
Debt Service Unreserved:						497,818
General Fund	5,022,030					
Special Revenue Funds		 948,173	 218,040	 767,278	-	
Total Fund Balances	\$ 5,031,356	\$ 951,039	\$ 218,357	\$ 768,980	\$	497,818

#### MEADE COUNTY BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS June 30, 2009 (Continued)

Total
Governmental
Funds

\$ 7,467,550

14,211 497,818 5,022,030 1,933,491

7,467,550

\$ 7,467,550

#### Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Total Fund Balances	\$ 7,467,550
Amounts reported for governmental activities in the statement	
of net assets are different because:	
Notes receivables not due and collected in the current period and,	534,000
therefore, are not reported in the funds.	
Capital assets used in governmental activities are not financial resources	
and therefore are not reported in the funds.	22,112,389
Accumulated Depreciation	(5,105,458)
Long-term debt is not due and payable in the current period and, therefore, is not	
reported in the funds.	
General Obligation Bonds	(3,730,000)
Revenue Bonds	(745,000)
Financing Obligations	(6,054,000)
Net Assets Of Governmental Activities	\$ 14,479,481



#### MEADE COUNTY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

#### MEADE COUNTY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

#### For The Year Ended June 30, 2009

		General Fund		Road Fund		Jail Fund		LGEA Fund
REVENUES								
Taxes	\$	3,905,997	\$		\$		\$	
Excess Fees	Ψ	199,922	Ψ		Ψ		Ψ	
Licenses and Permits		102,103						
Intergovernmental		774,984		1,357,371		1,108,274		665,520
Charges for Services		808,425		63,028		42,995		005,520
Miscellaneous		668,650		17,969		30,611		
Interest		138,493		31,901		819		20,039
Total Revenues		6,598,573		1,470,269		1,182,698		685,559
EXPENDITURES								
General Government		1,895,572				5,492		
Protection to Persons and Property		1,156,249				1,219,881		582,510
General Health and Sanitation		599,743				1,215,001		202,210
Social Services		13,109						
Recreation and Culture		392,005						
Roads		,,,,,,		1,231,369				
Transportation Facilities and Services				8,115				
Debt Service		761,722		3,500				
Administration		1,239,689		156,676		289,500		74,444
Total Expenditures		6,058,089		1,399,660		1,514,873		656,954
Excess (Deficiency) of Revenues Over Expenditures Before Other								
Financing Sources (Uses)		540,484		70,608		(332,175)		28,605
Other Financing Sources (Uses)								
Transfers From Other Funds				33,032		335,000		
Transfers To Other Funds		(727,032)						
Total Other Financing Sources (Uses)		(727,032)		33,032		335,000		
Net Change in Fund Balances		(186,548)		103,640		2,825		28,605
Fund Balances - Beginning		5,217,904		847,399		215,532		740,375
Fund Balances - Ending	\$	5,031,356	\$	951,039	\$	218,357	\$	768,980

# MEADE COUNTY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS For The Year Ended June 30, 2009 (Continued)

	Jail		Total
Bono	d Proceeds	Go	vernmental
	Fund		Funds
\$		\$	3,905,997
			199,922
			102,103
			3,906,149
			914,448
			717,229
	15,362		206,613
	15,362		9,952,460
			1 001 061
			1,901,064
			2,958,641
			599,743
			13,109
			392,005
			1,231,369
			8,115
	449,508		1,214,729
			1,760,309
	449,508		10,079,084
	(434,146)		(126,624)
	(131,110)		(120,021)
	359,000		727,032
			(727,032)
	359,000		
	(75,146)		(126,624)
	572,964	_	7,594,174
\$	497,818	\$	7,467,550



## MEADE COUNTY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

# MEADE COUNTY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

#### For The Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (126,624)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the	
statement of activities the cost of those assets are allocated over their	
estimated useful lives and reported as depreciation expense.	
Capital outlay	647,793
Depreciation expense	(791,988)
Book Value of Capital Assets Disposed	(68,035)
Change in notes receivable as a result of payment on debt	
by the Meade County Water District	(72,000)
Financing obligations and bond principal payments are expensed in the	
Governmental Funds as a use of current financial resources. However,	
these amounts decrease non-current liabilities on the statement of	
net assets and have been eliminated on the statement of activities.	
Financing Obligation Principal Payments	457,000
General Obligation and Revenue Bond Principal Payments	 355,000
Change in Net Assets of Governmental Activities	\$ 401,146



### MEADE COUNTY STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

June 30, 2009

#### MEADE COUNTY STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

#### June 30, 2009

	Business-Type Activities Enterprise Funds					
	(	Jail Canteen Fund		lid Waste Recycling Fund		Totals
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$	27,049	\$	275,190	\$	302,239
Total Current Assets		27,049		275,190		302,239
Noncurrent Assets: Capital Assets - Net of Accumulated Depreciation						
Land and Land Improvements				15,000		15,000
Buildings				44,340		44,340
Land and Building Improvements				30,658		30,658
Machinery and Equipment				318,485		318,485
Vehicles				208,503		208,503
Total Noncurrent Assets				616,986		616,986
Total Assets		27,049		892,176		919,225
LIABILITIES Current Liabilities:						
Financing Obligations Payable				25,000		25,000
Total Current Liabilities				25,000		25,000
Noncurrent Liabilities:						
Financing Obligations Payable				99,300		99,300
Total Noncurrent Liabilities				99,300		99,300
Total Liabilities				124,300		124,300
NET ASSETS						
Invested in Capital Assets,						
Net of Related Debt				492,686		492,686
Unrestricted		27,049		275,190		302,239
Total Net Assets	\$	27,049	\$	767,876	\$	794,925



#### MEADE COUNTY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

#### MEADE COUNTY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -PROPRIETARY FUNDS - MODIFIED CASH BASIS

#### For The Year Ended June 30, 2009

	B	usiness-Ty Enterpri	_			
		Jail Canteen Fund		lid Waste   Recycling   Fund		Totals
Operating Revenues						
Recycle Income	\$		\$	245,540	\$	245,540
Canteen Revenues		145,624				145,624
Franchise Fee Income				134,495		134,495
Garbage Collection Fees				70,099		70,099
Grant Income				53,514		53,514
Liter Abatement				44,776		44,776
Lanfill Reimbursement				6,991		6,991
Auction Proceeds				1,064		1,064
Miscellaneous Income				1,443		1,443
Total Operating Revenues		145,624		557,922		703,546
Operating Expenses						
Recycle Grant and Liter Abatement				215,394		215,394
Cost of Goods Sold and Other Expenses		143,039		124,300		267,339
Depreciation Expense		143,037		94,752		94,752
Recycle Maintenance and Fuel				109,041		109,041
Illegal Dump Cleanup				51,650		51,650
Office Materials and Supplies				44,050		44,050
Utilities				16,588		16,588
Worker's Compensation Insurance				10,388		10,388
Miscellaneous				3,840		3,840
Total Operating Expenses		143,039		670,035		813,074
Operating Income (Loss)		2,585		(112,113)		(109,528)
		2,505		(112,113)		(105,520)
Non-operating Revenues (Expenses)						
Interest Income				4,774		4,774
Interest Expense				(2,117)		(2,117)
Total Non-operating Revenues						
(Expenses)				2,657		2,657
Capital and Financing Activities						
Capital Contribution Transfer				95,946		95,946
Total Capital and Financing Activities				95,946		95,946
Change In Net Assets		2,585		(13,510)		(10,925)
Total Net Assets - Beginning (Restated)		24,464		781,386		805,850
Total Tiber Deginning (nestured)	Φ.	27,104	Φ.	701,500	Ф	704.005

27,049 \$ 767,876 \$ 794,925

Total Net Assets - Ending



#### MEADE COUNTY STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

#### MEADE COUNTY STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

#### For The Year Ended June 30, 2009

	B	usiness-Ty Enterpri	_		
		Jail Canteen Fund		lid Waste l Recycling Fund	Totals
Cash Flows From Operating Activities					
Cash received from customers	\$	145,624	\$	557,922	\$ 703,546
Cash payments to suppliers for goods and services				(440,563)	(440,563)
Cash payments to employees for services				(10,420)	(10,420)
Cost of goods sold and other expenses		(143,039)		(124,300)	(267,339)
Net Cash Used By					
Operating Activities		2,585		(17,361)	 (14,776)
Cash Flows From Capital and Related					
Related Financing Activities					
Acquisition of capital assets				(231,246)	(231,246)
Acquisition of loans				124,300	124,300
Capital Contribution				95,946	95,946
Net Cash Provided By Capital and Related					
Financing Activities				(11,000)	 (11,000)
Cash Flows From Investing Activities					
Interest Earned				4,774	4,774
Debt Service				(2,117)	(2,117)
Net Cash Provided By					
Investing Activities				2,657	 2,657
Net Increase (Decrease) in Cash and Cash					
Equivalents		2,585		(25,704)	(23,119)
Cash and Cash Equivalents - July 1, 2008		24,464		300,894	 325,358
Cash and Cash Equivalents - June 30, 2009	\$	27,049	\$	275,190	\$ 302,239
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
	_				
Operating Income (Loss)	\$	2,585	\$	(112,113)	\$ (109,528)
Adjustments to reconcile operating income to net					
cash used provided(Used) by operating activities					
Depreciation expense				94,752	 94,752
Net Cash Used By Operating					
Activities	\$	2,585	\$	(17,361)	\$ (14,776)

## INDEX FOR NOTES TO THE FINANCIAL STATEMENTS

Note 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	45
Note 2.	DEPOSITS	51
Note 3.	OPERATING LEASES	51
Note 4.	CAPITAL ASSETS	52
Note 5.	LONG-TERM DEBT	54
Nоте 6.	INTEREST ON LONG-TERM DEBT AND FINANCING OBLIGATIONS	57
Note 7.	EMPLOYEE RETIREMENT SYSTEM	58
Note 8.	DEFERRED COMPENSATION	58
Note 9.	Insurance	58
Note 10.	SUBSEQUENT EVENTS	59
NOTE 11	PRIOR PERIOD ADJUSTMENTS	59

#### MEADE COUNTY NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### **Note 1.** Summary of Significant Accounting Policies

#### A. Basis of Presentation

The county presents its financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

#### **B.** Reporting Entity

The financial statements of Meade County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

#### Discretely Presented Component Unit

The Meade County Riverport Authority was created to bring businesses to Meade County along the Ohio River. The Authority had no assets or activity of its own in fiscal year 2009.

#### C. Meade County Elected Officials

The Kentucky constitution provides for election of the officials below from the geographic area constituting Meade County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Meade County, Kentucky.

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Meade County Elected Officials (Continued)

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

#### D. Government-wide and Fund Financial Statements

The government—wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The government-wide statements are reported using the economic resources measurement focus and the modified cash basis of accounting, as do the proprietary and fiduciary fund financial statements. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: l) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

#### **Note 1.** Summary of Significant Accounting Policies (Continued)

#### **D.** Government-wide and Fund Financial Statements (Continued)

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Generally, and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessments, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

#### **Governmental Funds**

All governmental fund statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. The modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, accounts receivable, and deferred revenues are not reflected in the financial statements.

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

LGEA Fund - The purpose of this fund is to account for funds received from the state for mineral severance taxes and E-911 service collections. The fund is used primarily for public safety.

Jail Bond Proceeds Fund - The purpose of this fund is to account for debt service requirements of general obligation bonds of the fiscal court.

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Government-wide and Fund Financial Statements (Continued)

#### **Governmental Funds** (Continued)

#### **Special Revenue Funds:**

The Road Fund, Jail Fund, and Local Government Economic Assistance Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

#### Debt Service Fund:

The Jail Bond Proceeds Fund is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

#### **Proprietary Funds**

All proprietary funds are reported using the economic resources measurement focus and the modified cash basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen and Solid Waste and Recycling Funds. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government reports the following major proprietary funds:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

Solid Waste and Recycling Fund - This department was created and exists pursuant to the provisions of Kentucky Revised Statutes 109 and by the Fiscal Court. The Department was created with the mission to provide garbage collection of solid waste and to provide recycling service in Meade County. The Fiscal Court appoints a majority of the Department's board and the Department was deemed a component unit of Meade County Fiscal Court. In January 2007, the Meade County Fiscal Court dissolved the 109 Board as the governing body for the Department and empowered the Fiscal Court to be the new governing body.

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

#### F. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capi	italization	Useful Life
	Th	reshold	(Years)
Land Improvements	\$	5,000	10-60
Buildings and Building Improvements	\$	5,000	3-75
Machinery and Equipment	\$	5,000	3-25
Vehicles	\$	5,000	3-25
Infrastructure	\$	5,000	10-50

#### G. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest is reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, is reported as expenditures. Debt proceeds are reported as other financing sources.

#### **Note 1.** Summary of Significant Accounting Policies (Continued)

#### H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

#### I. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses made from these funds.

#### J. Related Organizations and Joint Venture

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Meade County Fiscal Court: Meade County Tourism Commission, Meade County Water District, Meade County Planning and Zoning, Meade County Fire Department, Meade County Conservation District, and the Meade County Library District.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Meade County Fiscal Court: Meade County Industrial Authority.

#### Note 2. Deposits

The primary government and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution's failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009 all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

#### Note 3. Operating Leases

The fiscal court entered into a lease agreement for an old state highway garage building and land to be used by various county departments. The total expense related to these leases was \$3,500 for the fiscal year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

Fiscal Year Ended		
June 30	Amount	
2010	\$	3,500

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

		Reportin	g Entity	
	Beginning	-		Ending
<b>Primary Government:</b>	Balance	Increases	Decreases	Balance
Governmental Activities:				
Canital Assets Not Pains Depressional				
Capital Assets Not Being Depreciated:	¢ (100.551	¢	¢	¢ (100.551
Land and Land Improvements	\$ 6,100,551	\$	\$	\$ 6,100,551
Total Capital Assets Not Being	< 100 551			< 100 551
Depreciated	6,100,551			6,100,551
Capital Assets, Being Depreciated:				
Buildings	9,608,546			9,608,546
Building/Land Improvements	816,904			816,904
Machinery and Equipment	1,633,246	140,339		1,773,585
Vehicles	1,628,262	127,863	(199,921)	1,556,204
Infrastructure	1,877,008	379,591	, , ,	2,256,599
Total Capital Assets Being	, , , , , , , , , , , , , , , , , , , ,	7-1-7-1		, ,
Depreciated	15,563,966	647,793	(199,921)	16,011,838
Less Accumulated Depreciation For:				
Buildings	(2,377,072)	(164,855)		(2,541,927)
Building/Land Improvements	(204,863)	(31,586)		(236,449)
Machinery and Equipment	(476,335)	(90,299)		(566,634)
Vehicles	(866,219)	(141,710)	131,886	(876,043)
Infrastructure	(520,867)	(363,538)	131,000	(884,405)
imitastructure	(320,007)	(303,330)		(004,403)
Total Accumulated Depreciation	(4,445,356)	(791,988)	131,886	(5,105,458)
Total Capital Assets, Being				
Depreciated, Net	11,118,610	(144, 195)	(68,035)	10,906,380
Governmental Activities Capital				
Assets, Net	\$ 17,219,161	\$ (144,195)	\$ (68,035)	\$ 17,006,931

**Capital Assets (Continued)** Note 4.

	Reporting Entity							
Primary Government:		Beginning Balance	Increases		Decreases		Ending Balance	
Business-Type Activities:								
Capital Assets Not Being Depreciated:								
Land and Land Improvements	\$	15,000	\$		\$	\$	15,00	
Total Capital Assets Not Being								
Depreciated		15,000					15,00	
Capital Assets, Being Depreciated:								
Buildings		105,513					105,51	
Land and Building Improvements		105,666					105,66	
Machinery and Equipment		647,284		95,946			743,23	
Vehicles		787,537		135,300	(102,898)		819,93	
Total Capital Assets Being								
Depreciated		1,646,000		231,246	(102,898)		1,774,34	
Less Accumulated Depreciation For:								
Buildings		(56,787)		(4,386)			(61,17	
Land and Building Improvements		(73,492)		(1,516)			(75,00)	
Machinery and Equipment		(353,027)		(71,718)			(424,74	
Vehicles		(697,202)		(17,132)	102,898		(611,43	
Total Accumulated Depreciation		(1,180,508)		(94,752)	102,898		(1,172,36	
Total Capital Assets, Being								
Depreciated, Net		465,492		136,494			601,98	
Business-Type Activities Capital Assets, Net	\$	480,492	\$	136,494	\$ 0	\$	616,98	

Governmental Activities:	
General Government	\$ 49,588
Protection to Persons and Property	246,932
General Health and Sanitation	31,437
Recreation and Culture	44,977
Roads, Including Depreciation of General Infrastructure Assets	 419,054
Total Depreciation Expense - Governmental Activities	\$ 791,988
Business-Type Activities (Solid Waste & Recycling)	
General Government	\$ 93,236
~ 177 11 1 7 1 1	1 -1 -
General Health and Sanitation	 1,516

#### Note 5. Long-term Debt

#### A. General Obligation Bonds, Series 1999

Meade County Fiscal Court issued general obligation bonds of \$5,330,000, series 1999, dated July 1, 1999, to finance the construction of the new detention facility. These bonds were issued at varying interest rates ranging from 3.9% to 4.9%, and will be retired by July 1, 2019. Interest payments are due on January 1 and interest and principal July 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

	Governmental Activities					
Fiscal Year Ended				_		
June 30	]	Principal	Interest			
2010	\$	270,000	\$	173,433		
2011		280,000		160,918		
2012		290,000		147,735		
2013		305,000		133,749		
2014		320,000		118,745		
2015-2020		2,265,000		348,512		
		_		_		
Totals	\$	3,730,000	\$	1,083,092		

#### B. Health Care Facility Revenue Bonds, Series 1995

Meade County Fiscal County issued health care facility revenue bonds, series 1995, dated February 1, 1995, to fund the construction of a health care facility to operated by JH Properties, Inc. JH Properties makes the principal and interest payments in lieu of rent, to the bond trustee. These bonds were issued at an interest rate of 6.49%, and will be retired by October 1, 2014. Interest payments are due on April 1; interest and principal October 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

	Governmental Activities					
Fiscal Year Ended June 30	F	Principal	Interest			
2010 2011 2012 2013 2014 2015	\$	105,000 110,000 120,000 130,000 135,000 145,000	\$	48,351 41,536 34,397 26,609 18,172 9,411		
Totals	\$	745,000	\$	178,476		

#### Note 5. Long-term Debt (Continued)

#### C. Water District - Financing Obligations and Notes Receivable

#### 1. Waterlines

On November 8, 1995, the fiscal court on behalf of the Meade County Water District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$795,000 at 5.15%, for the construction of waterlines. The lease term is for 20 years with the balance to be paid in full on January 20, 2015. The Meade County Water District makes the principal and interest payments to the fiscal court, which in turn pays the trustee. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

	Governmental Activities					
Fiscal Year Ended				·		
June 30	F	Principal	Interest			
2010	\$	49,000		19,362		
2011		52,000		16,260		
2012		54,000		12,997		
2013		57,000		9,586		
2014		60,000		5,989		
2015		62,000		2,233		
Totals	\$	334,000	\$	66,427		

#### 2. Building

On December 18, 2001, the fiscal court on behalf of the Meade County Water District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$350,000 at 4.6%, for the construction of a building. The lease term is for 15 years with the balance to be paid in full on January 20, 2016. The Meade County Water District makes the principal and interest payments to the fiscal court, which in turn pays the trustee. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

	Governmental Activities					
Fiscal Year Ended						
June 30	P	Principal	I	nterest		
2010	\$	25,000		10,202		
2011		25,000		8,857		
2012		30,000		7,400		
2013		30,000		5,785		
2014		30,000		4,171		
2015-2016		60,000		3,498		
Totals	\$	200,000	\$	39,913		

#### Note 5. Long-term Debt (Continued)

#### D. Solid Waste & Recycling Department - Financing Obligations

On May 30, 2007, the fiscal court on behalf of the Meade County Solid Waste & Recycling Department entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$450,000 at 4.25% for the assumption of debt owed by the Meade County Solid Waste & Recycling Department to Kentucky Infrastructure Authority("KIA") and Kentucky Association of Counties Leasing Trust("KACOLT") as well as for the addition of a building at the Meade County Solid Waste & Recycling Facility. Additional proceeds were used to finance the purchase of dump trucks and to finance the purchase of maintenance equipment for use by Meade County. The Meade County Solid Waste & Recycling Department makes additional principal payments while Meade County Fiscal Court makes the required principal and scheduled interest payments. The lease term was for twelve years but due to additional principal payments made the balance is scheduled to be paid in full on June 20, 2011. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

	Governmental Activities					
Fiscal Year Ended						
June 30	Pr.	incipal	Interest			
2010		55,000		2,652		
2011		40,000		1,305		
Totals	\$	95,000	\$	3,957		

#### **E.** Land - Financing Obligations

On March 16, 2006, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$6,000,000 at 4.18% for the purchase of land. The lease term is for 20 years with the balance to be paid in full on July 20, 2026. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

	Governmental Activities					
Fiscal Year Ended				_		
June 30	F	Principal	Interest			
2010	\$	210,000	\$	263,081		
2011		220,000		252,584		
2012		235,000		241,535		
2013		245,000		229,816		
2014		255,000		217,620		
2015-2026		4,260,000		1,409,978		
		_		_		
Totals	\$	5,425,000	\$	2,614,614		

#### Note 5. Long-term Debt (Continued)

#### F. Solid Waste & Recycling Department – Financing Obligations

On January 12, 2009, the fiscal court on behalf of the Meade County Solid Waste & Recycling Department entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$124,300 at 3.91%, for the purchase of a Roll-off Truck. The lease term is for 5 years with the balance to be paid in full on December 20, 2013. The Meade County Solid Waste & Recycling Department makes the principal and interest payments. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

	Business-type Activities					
Fiscal Year Ended						
June 30	P	Principal	I:	nterest		
2010	\$	25,000	\$	4,169		
2011		25,000		3,482		
2012		25,000		2,549		
2013		25,000		1,614		
2014		24,300		575		
Totals	\$	124,300	\$	12,389		

#### G. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
Governmental Activities:					
General Obligation Bonds	\$ 3,985,000	\$	\$ 255,000	\$ 3,730,000	\$ 270,000
Revenue Bonds	845,000		100,000	745,000	105,000
Financing Obligations	6,511,000		457,000	6,054,000	339,000
Governmental Activities Long-term Liabilities	\$ 11,341,000	\$	\$ 812,000	\$ 10,529,000	\$ 714,000
Business-type Activities:					
Financing Obligations		124,300		124,300	25,000
Business-type Activities Long-term Liabilities	\$ 0	\$ 124,300	\$ 0	\$ 124,300	\$ 25,000

#### Note 6. Interest On Long-term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$314,353 in interest on financing obligations and \$233,468 in interest on bonds.

#### Note 7. Employee Retirement System

The fiscal court and component unit have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must met the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

#### **Note 8.** Deferred Compensation

The Meade County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. That report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority, 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502-) 573-7925.

#### Note 9. Insurance

For the fiscal year ended June 30, 2009, Meade County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

#### Note 10. Subsequent Events

Meade County Fiscal Court issued general obligation bonds of \$5,330,000, series 1999, dated July 1, 1999, to finance the construction of the new detention facility. On December 8, 2009, Meade County Fiscal Court refunded these general obligation bonds in the amount of \$3,090,000. The 2009 series bonds were issued at varying interest rates ranging from 2.5% to 3.50%, and will be retired by July 1, 2019. Interest payments are due on January 1 and interest and principal due July 1.

#### Note 11. Prior Period Adjustments

Prior period adjustments were made to governmental activities and business type activities as follows:

	Governmental Activities	iness-Type activities
Beginning Balance	\$ 14,135,686	\$ 742,124
Capital Assets previously recorded in error (net of accumulated depreciation)	(57,351)	
Capital Assets previously recorded in error and previously not recorded in business-type activities		
(net of accumulated depreciation)		 63,726
Total Restated Beginning Balance	\$14,078,335	\$ 805,850



## MEADE COUNTY BUDGETARY COMPARISON SCHEDULES Required Supplementary Information - Modified Cash Basis

For The Year Ended June 30, 2009

## MEADE COUNTY BUDGETARY COMPARISON SCHEDULES Required Supplementary Information - Modified Cash Basis

#### For The Year Ended June 30, 2009

	GENERAL FUND							
		Budgeted Original	Am	ounts Final		Actual Amounts, Budgetary Basis)	Fina P	ance with al Budget ositive egative)
REVENUES						,		
Taxes	\$	3,282,794	\$	3,282,794	\$	3,905,997	\$	623,203
Excess Fees		177,950		177,950		199,922		21,972
Licenses and Permits		108,500		108,500		102,103		(6,397)
Intergovernmental Revenue		1,141,411		1,359,858		774,984		(584,874)
Charges for Services		848,614		848,614		808,425		(40,189)
Miscellaneous		435,674		525,885		520,299		(5,586)
Interest		103,000		103,000		138,493		35,493
Total Revenues		6,097,943		6,406,601		6,450,222		43,622
EXPENDITURES General Government		2,376,706		2,441,939		1,895,572		546,367
Protection to Persons and Property		1,271,971		1,289,392		1,156,249		133,143
General Health and Sanitation		1,115,838		1,221,326		599,743		621,583
Social Services		16,040		21,040		13,109		7,931
Recreation and Culture Bus Services		268,551		509,306		392,005		117,301
Debt Service		574,990		674,990		613,371		61,619
Administration		1,682,775		1,505,504		1,239,689		265,815
Total Expenditures		7,306,871		7,663,497		5,909,738		1,753,758
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)		(1,208,928)		(1,256,896)		540,484		1,797,380
OTHER FINANCING SOURCES (USES)								
Transfers To Other Funds		(726,335)		(763,367)		(727,032)		36,335
Total Other Financing Sources (Uses)		(726,335)		(763,367)		(727,032)		36,335
Net Changes in Fund Balance		(1,935,263)		(2,020,263)		(186,548)		1,833,715

1,935,263

2,020,263

5,217,904

\$ 5,031,356

3,197,641

5,031,356

Fund Balance - Beginning

Fund Balance - Ending

#### MEADE COUNTY BUDGETARY COMPARISON SCHEDULES Required Supplementary Information - Modified Cash Basis For The Year Ended June 30, 2009 (Continued)

	ROAD FUND							
		Budgeted Original	Ame	ounts Final		Actual Amounts, Budgetary Basis)	Fir	iance with nal Budget Positive Negative)
REVENUES								
Intergovernmental Revenue	\$	1,247,048	\$	1,247,048	\$	1,357,371	\$	110,323
Charges for Services		50,000		50,000		63,028		13,028
Miscellaneous		11,000		11,000		17,969		6,969
Interest		25,000		25,000		31,901		6,901
Total Revenues		1,333,048		1,333,048		1,470,269		137,221
EXPENDITURES								
Roads		1,482,317		1,528,358		1,231,369		296,989
Transportation Facilities and Services		12,836		12,836		8,115		4,721
Debt Service		3,500		3,500		3,500		
Administration		249,000		235,991		156,676		79,315
Total Expenditures		1,747,653		1,780,685		1,399,660		381,025
Excess (Deficiency) of Revenues Over Expenditures		(414,605)		(447,637)		70,608		518,245
OTHER FINANCING SOURCES (USES)								
Transfers From Other Funds				33,032		33,032		
Total Other Financing Sources (Uses)		,		33,032		33,032		_
Net Changes in Fund Balance Fund Balance - Beginning		(414,605) 414,605		(414,605) 414,605		103,640 847,399		518,245 432,794
Fund Balance - Ending	\$	0	\$	0	\$	951,039	\$	951,039

#### MEADE COUNTY BUDGETARY COMPARISON SCHEDULES Required Supplementary Information - Modified Cash Basis For The Year Ended June 30, 2009 (Continued)

	JAIL FUND							
		Budgeted Original	Am	ounts Final		Actual Amounts, Budgetary Basis)	Fin I	ance with al Budget Positive legative)
REVENUES								
Intergovernmental Revenue	\$	1,117,504	\$	1,117,504	\$	1,108,274	\$	(9,230)
Charges for Services		48,000		48,000		42,995		(5,005)
Miscellaneous		40,000		40,000		30,611		(9,389)
Interest		1,000		1,000		819		(181)
Total Revenues		1,206,504		1,206,504		1,182,698		(23,806)
EXPENDITURES								
General Government		9,685		9,685		5,492		4,193
Protection to Persons and Property		1,320,154		1,322,041		1,219,881		102,160
Capital Projects								
Administration		338,000		336,113		289,500		46,613
Total Expenditures		1,667,839		1,667,839		1,514,873		152,966
Excess (Deficiency) of Revenues Over Expenditures Before Other								
Financing Sources (Uses)		(461,335)		(461,335)		(332,175)		129,160
OTHER FINANCING SOURCES (USES)								
Transfers From Other Funds		371,335		371,335		335,000		(36,335)
Total Other Financing Sources (Uses)		371,335		371,335		335,000		(36,335)
Net Changes in Fund Balance		(90,000)		(90,000)		2,825		92,825
Fund Balance - Beginning		90,000		90,000		215,532		125,532
Fund Balance - Ending	\$	0	\$	0	\$	218,357	\$	218,357

#### MEADE COUNTY BUDGETARY COMPARISON SCHEDULES Required Supplementary Information - Modified Cash Basis For The Year Ended June 30, 2009 (Continued)

	LGEA FUND							
		Budgeted	Am	ounts	A	Actual mounts, udgetary	Fir	iance with al Budget Positive
		Original		Final		Basis)	1)	Negative)
REVENUES		_		_				_
Intergovernmental Revenue	\$	1,191,477	\$	1,206,477	\$	665,520	\$	(540,957)
Interest		10,000		10,000		20,039		10,039
Total Revenues		1,201,477		1,216,477		685,559		(530,918)
EXPENDITURES								
Protection to Persons and Property		1,247,667		1,268,192		582,510		685,682
Administration		168,403		162,878		74,444		88,434
Total Expenditures		1,416,070		1,431,070		656,954		774,116
Excess (Deficiency) of Revenues Over Expenditures Before Other								
Financing Sources (Uses)		(214,593)		(214,593)		28,605		243,198
Net Changes in Fund Balances		(214,593)		(214,593)		28,605		243,198
Fund Balances - Beginning		214,593		214,593		740,375		525,782
Fund Balances - Ending	\$	0	\$	0	\$	768,980	\$	768,980

### MEADE COUNTY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### June 30, 2009

#### **Note 1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

#### Note 2. Reconciliation of General Fund

Total Revenues-Budgetary Basis	\$ 6,450,222
JH Properties Payment on Debt	148,351
Total Revenues-Modified Cash Basis	\$ 6,598,573
Total Expenditures-Budgetary Basis	\$ 5,909,738
JH Properties Payment on Debt	148,351
Total Expenditures-Modified Cash Basis	\$ 6,058,089



## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



## CRIT LUALLEN AUDITOR OF PUBLIC ACCOUNTS

The Honorable Harry S. Craycroft, Meade County Judge/Executive Members of the Meade County Fiscal Court

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

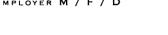
We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Meade County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 22, 2010. Meade County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Meade County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meade County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Meade County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



WWW.AUDITOR.KY.GOV

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Continued)

#### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Meade County's financial statements as of and for the year ended June 30, 2009, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under <u>Government Auditing Standards</u>.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Crit Luallen

Auditor of Public Accounts

April 22, 2010

### ${\bf CERTIFICATION~OF~COMPLIANCE-LOCAL~GOVERNMENT~ECONOMIC~ASSISTANCE~PROGRAM}$

#### MEADE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2009

#### CERTIFICATION OF COMPLIANCE

#### LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

#### MEADE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2009

The Meade County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Harry S. Craycroft
County Judge/Executive

Thisley Parkler

Shirley Fackler